

1:35 p.m., in 20 minutes. We're adjourned briefly.

Give them all a hand. [Applause]

NOTE: The President spoke at approximately 11:30 a.m. in Gaston Hall at Georgetown University.

In his remarks, he referred to Rev. Leo J. O'Donovan, president, Georgetown University, and Alma Brown, widow of former Commerce Secretary Ronald H. Brown.

Remarks During Panel II of the White House Conference on Corporate Citizenship May 16, 1996

The President. Thank you very much, Dean. The last panel will cover the last two elements in corporate citizenship, training and investment in employees and partnerships with employees. And so I'd like to begin here discussing training and investment in employees. And the first company and the first presenter will be Mike Plumley, the chairman and CEO of the Plumley Companies.

[Mr. Plumley explained that foreign competition inspired the beginning of a major educational effort among employees, including General Equivalency Diploma (GED) instruction.]

The President. Thank you very much. Let me ask you one question. When you brought the teachers onto the premises of your factory to teach the GED programs, did the workers, did they take those classes either before or after their shift started? Is that when they did it?

Mr. Plumley. The GED program was after the shift. And it's a voluntary.

The President. And did you have to pay for that or did the State provide the service?

Mr. Plumley. No, we paid the instructors ourselves, the teachers from the local high school.

The President. When I was—back when I had another life, when I was Governor, we started a program where we actually sent GED instructors to any work site with more than 100 employees. And I was stunned by the number of people who wanted it, still needed it, and it seemed to work very well. But I applaud you for doing that.

Our next presenter is the chairman and CEO of Cummins Engine Company, Mr. Jim Henderson.

[Mr. Henderson said the company committed itself to establishing a good relationship with

all employees based on trust and open communications and giving them responsibility for planning their work and for improving results for their customers.]

The President. Thank you. Thank you very, very much.

Our third company dealing with this issue of training and investment in employees is Cin-Made Company, and Bob Frey, the president, is here. I'd like to call on him now to speak.

[Mr. Frey commented that corporate citizenship is good for companies, the country, the economy, and the family.]

The President. Thank you. I believe you could sell that position. [Laughter] Good for you.

Now, moving along in our story of partnerships with employees, we have a particularly unique example in Republic Engineered Steels. I want to call on Russ Maier, the chairman and CEO, and then he'll be followed by Dick Davis, vice president of United Steel Workers. And they'll tell you the story of Republic Engineered. It's a good story.

[Mr. Maier and Mr. Davis described how the company became employee-owned through an employee stock ownership plan (ESOP).]

The President. Thank you. I can't let you go—both of you—without asking you what is clearly the obvious question which is, do you believe that what you have done and how you have done it could be made to work just as well in a setting in which the company is not employee-owned? And if so, would there have to be some other kinds of incentives for the employees? Would there have to be some other kind of compensation scheme or something that would help to kind of re-create the conditions

which exist from the get-go when it's an employee buyout on the front-end? I'd like to just hear both of you comment on that.

[Mr. Davis said that other members of the panel had shown that other models were possible, and he believed more would evolve. Mr. Maier said that he would like every company to have an element of employee ownership.]

The President. Thank you very much.

The next person I want to call on is a 40-year veteran of a company that may be the only company represented in this room that I feel comfortable in saying we have probably, every single one of us, been a customer of, Mr. Arney Langbo, the chairman of the Kellogg Company. [Laughter]

[Mr. Langbo said that when faced with a need to reduce capacity and improve efficiency, the company's strategy was accomplished through a negotiated agreement with the employee union.]

The President. Thank you very much.

I might say, just sort of by way of information background, that the ESOP concept was established in 1974, and since then, the number has grown from 200 to over 10,000. And there are an estimated 12 million ESOP participants that own \$60 billion in stock in this country now.

Participation in deferred profit-sharing plans has grown from 8.4 percent of the work force in 1980 to 18.3 percent in 1991. That's the last year for which we have any figures. But you can see that this is not an insubstantial percentage of the American people that are out there working in these kinds of environments.

And again, I think it's important to point out, because we nearly never hear anything about it, that there are literally millions of people out there working in partnerships trying to make their companies more profitable, their lives better, and their country stronger. I think it's worth pointing out.

I thank you, sir, very much. If I might ask you one just brief question because it leads in—I want to ask the Vice President to speak after you about an issue which has been a difficult one for us, and that is how we handle the downsizing of the Federal work force, because I think it's quite interesting. You hear a lot of talk about downsizing in the private sector and how bad it is. I guess that the United States Government in the last 3½ years has been the biggest downsizer in the country. And I know

that you had to have a modest one at Kellogg. I'd like you to just explain how you handled it, if you might very briefly.

[Mr. Langbo said that in recent cutbacks, management sat down with the union and agreed to make use of early retirement, severance pay, and voluntary transfers to other locations. He concluded that recent changes in accounting laws would no longer allow immediate deductions for employee education.]

The President. Thank you very much for that. I didn't know that.

There's another related issue which is that the tax—the nontaxability to the employee of employer expenditures on education has historically been \$5,250. It lapsed, and it's in the process, we hope, of being reenacted. But there are certain restrictions on it which I think are excessive, although they cover most—they don't cover all of the kinds of educational programs that employers would like to do for employees, especially if there might be a downsizing, because the restriction now says that the educational benefits paid by the employer up to \$5,250 a year are not taxable to the employee if they're necessary to retrain for the existing job or to train for another job in the company, up the hierarchy. If it's sort of an off-line education program, if you will, it's not covered.

In addition, in the reenacting, if the Congress—the Ways and Means Committee apparently has proposed to eliminate graduate education, which I think is a big mistake as it applies to higher tech companies. I hope we can still get a change in that. But in my view, we need that reenacted with the broadest possible meaning, because that also really matters to the employees, especially if they might be facing another downsizing. And we have proposed—we're going to send a note up to the Hill which also gives a little extra credit to the smaller businesses that may not be able to afford to undertake this, because I think it's a very good—a big thing.

And I will look into this accounting tax issue. I didn't know anything about it. Thank you.

Mr. Vice President.

[The Vice President summarized the administration's efforts to reduce the number of Federal employees and improve the efficiency of Government operations.]

The President. I know you may think that the Vice President sounds like a shameless booster—[laughter]—but we're pretty proud of what these Federal employees have done. And they did it at a time when they were being routinely condemned and held up as an object of ridicule.

And I might just say that there are companies—there are some really successful companies in this room today that started out with an SBA loan. So before I sign off and go to our last participant, I'll just take the SBA. Three and a half years ago, they had a loan form that was an inch thick; now it's a page long. Three and a half years ago, they took 6 weeks to give you an answer; now it's 72 hours. Their budget has been cut by something like 25 percent, and they've doubled the loan volume.

So it's simply not true that public service is not capable of operating at a very high level of productivity and quality based on pride and partnership of the workers. And so I'm very proud of them. And the Vice President deserves a lot of credit for the work he's done on this.

Our last presenter also has a rather astonishing story to tell. He's the CEO of United Airlines, Gerry Greenwald.

Gerry.

[Mr. Greenwald said United was trying to pass two tests: to be profitable and to be a good place to work. He noted that employees who owned stock through ESOPs had to retire, die, or quit to cash in their stock, and that he hoped that would change. He also endorsed Government efforts to establish free trade in Asia and Europe.]

The President. Let me say, as far as I know, you're the first person who ever told me that about the ESOP, that ever presented that as a problem, and I'll be glad to look into that.

Secondly, as you doubtless know, our trade office has spent untold hours in airline negotiations trying to open new routes and be willing—taking on all comers, saying, "If you want more routes in America, let's just have totally open competition." We can't find any takers for that, because the American airlines are so much more productive and competitive than anywhere in the world, and it's a real tribute to you and to the others in that business. But we will continue to work on that.

Let me say, I'd like to—we've got a couple of minutes here, and I'd like to open the floor

again to comments, but I do want to say that one of the most heartening things that's come out of this today for me is to hear so many of you say that the job security of your employees is a goal of yours and that you believe in it and that it matters to you and that you believe that you can withstand the cycles of the market and still by and large preserve it, recognizing that from time to time there will be significant problems that will cause some companies to have to downsize. The fact that it is a goal which companies are trying to preserve and pursue I think is very important and especially publicly traded companies who are under enormous pressure to keep their quarterly review of their stock prices up. This is very encouraging to me.

Would anyone like to comment on this whole issue of partnership in training and investment?

Mr. Harman?

[Sidney Harman, CEO of Harman International, said he believed the conference's central theme was that there were many techniques to reach the desired end, and that the ultimate challenge was to increase workplace security. He joked that it took 6 weeks to make up lost productivity due to the President's visit to Harman's Northridge, CA, plant in March.]

The President. All right. I'm going to call on you.

Let me just make one very brief comment. It was worth it. It was a great day. The thing that I liked about what you had done is that it seemed to me that you were in a market where you could not possibly control dramatic fluctuations in the orders that were coming in. And yet it was clearly not in your interest, both from a human point of view and from an economic point of view, to have to keep bouncing these workers on and off like a basketball or having them on a yo-yo string.

And so you were actually able to create a whole alternative way of working for them that was just purely ancillary to your primary mission, but it had the effect of allowing you to pursue the goal that the gentleman at Lincoln Electric has set for his company and held to. And I think it's very impressive. And I would think a lot of companies that have similar circumstances would want to take a look at how you did it, because they would save a lot of energy and productivity and loyalty for their company if they could do the same thing.

Yes, sir. And then there were two more back here. Go ahead.

Participant. [Inaudible]—once every 4 years we lose an enormous amount of productivity, so I can relate to your point. [Laughter]

The President. Especially when I was up there. [Laughter]

[A participant said that there was a good deal of data linking productivity to the kinds of practices outlined in the conference. He concluded by suggesting that a task force be set up to encourage businesses to devote a certain percentage of profits to training, employee ownership, or family benefits.]

The President. Thank you.

Two back here. You, and then you, and then the gentleman in the corner.

[A participant said that his fast food company was not offering lifetime employment and suggested that the Government should address portability of health care, pension, and other benefits in order to preserve the economic benefit of the years workers had spent in such jobs.]

The President. Thank you very much.

There's a gentleman back there in the corner. While you're passing the microphone back, I just want to sort of support that and say that, if you look at the Kassebaum-Kennedy bill which passed the Senate 100 to 0—which is the sort of thing we ought to be doing in this country, I mean, obviously we've got a manifest need like that. It doesn't solve all the problems, but at least it will make portability the rule rather than the exception, and it will make available insurance, even if it's expensive now, for people who have had someone in their family who is ill.

And then the next big challenge will be to make sure that those of you who are in a tough margin and, particularly, smaller businesses are able to get into really, really large pools of purchasers so that people who have a preexisting condition don't have to get soaked on their premiums because the impact on everybody else is so negligible. And we'll just have to do this one step at a time, but we've got to pass the Kassebaum-Kennedy bill first so that we can get to that next step. And when we do, I think it will make a huge difference in stabilizing the whole work situation for people in these smaller companies and where that job is the first stop on the way to, hopefully, an even better future.

Thank you very much for what you said.

Yes, sir.

[A participant said that some corporations blamed the financial markets for the need to downsize and asked if it would be possible to create new financial instruments to take into account certain social goals.]

The President. Would anyone like to take a crack at that, what he said about the—[laughter]. Gerry?

[Mr. Greenwald said he wanted to clarify an earlier point made by a participant that there was clear evidence that companies became more profitable through corporate citizenship. He said he did not think that Wall Street analysts or institutional investors believed that, because if they did, they would not reward instant massive layoffs.]

Participant. Instant massive layoffs means that management has failed.

The President. Let me just follow up on both of those comments. Look—and let's talk about this—people make mistakes. The President even makes a mistake now and then. [Laughter] People make mistakes. And sometimes—and the world changes sometimes. Sometimes a decision that was good this year looks pretty bad next year because things that you couldn't foresee change.

Now, if that happens and you're running a really big company, and let's say two out of six divisions of it no longer make sense for you to be running and you want to have a no-layoff policy, and maybe you shouldn't have gotten into all these things that you got into when it looked like a profitable thing, at least from a financial transaction point of view, to do, how do you get the time from the markets and from your board to make the transition? Maybe if you had 3 years, you could figure out something for all these people, and then you wouldn't have to lay them off.

I mean, I think that's the thing that plagues me, you know. I think over the long run the markets make pretty good judgments. I don't think you can stay very strong in the market over the long run if you're not producing a quality product or service that somebody wants to buy. But I think what has happened is, as these markets have become more global and our ability to move money around just like this—and the people who are moving it make

money based on quarterly returns and also based on how many transactions are churned—it really forces people who are in a tight, in the near term at least, to make decisions that seem draconian. I mean, at least that's what it seems to me.

And is there a fix for that? I mean, is there something that can be done about that, even if it's no more than—to go back to the question the gentleman asked—even if it's no more than changing the attitude of the people that are making those judgments? Because my perception is that some of these managers are under extreme market pressure in a dimension for short-term results that was not the case even a few years ago.

That's my perception. And I would like—anybody else want to comment on that? This is a tough issue.

Participant. I think that's true, Mr. President. And also there are other factors at work, too, that in this day of increased corporate governance today—boards, I think, are looking for more of that, not only the financial markets, but there are higher levels of expectations with boards of directors. I'm not sure it's all bad. Is it good or bad?

The President. Well, I think the point they were making is, if you could be more reluctant to have layoffs because you knew that these folks could be made productive if you had time to do it, are you robbed of the time to do it if you're market dependent on a quarterly basis? I think that's—to go back to our friend, again, from Lincoln Electric, if you stick with your mission and you stick with your mission over decades and then you broaden your production line or you broaden your services, sort of flowing naturally out of your mission, this might not have ever happened to you. But if, in the last 15 years, you have got into expansions that were basically adopting unrelated or tenuously related enterprises, then you are liable to get caught on one of these whipsaws. And I think that's some of what we have seen here in some of the most highly publicized ones.

Sidney, what were you going to say?

[*Mr. Harman, citing the example of an investment firm that specifically supported Harman International because of its policies, expressed his belief that other financial managers would in time have the same point of view.*]

The President. If I might just make one other point, then I want to call on the lady over here in the corner, then we have to adjourn. Earlier today, maybe it was this morning at breakfast, someone said, "The enemy is us." And some of our representatives of the unions here were laughing about it because, of course, the employees' pension funds are among the biggest investors in the stock markets. And if they invest in mutual funds, let's say, their money managers are trying to get the highest return they can for the pension, and perversely, they could be undermining the employment stability of the very people whose retirement they're trying to protect. At least that is arguable.

But if you want the people who are representing you—this is something, it seems to me, that would be really a worthwhile discussion and maybe we could put one together for corporate executives and the union folks and the people in the middle, the people that are supposed to make these investment decisions that you asked about, sir. You see, you gave us a topic for a whole other day. [*Laughter*]

But I mean, I think, these markets, on balance, have served us all very well over time. And so we have to be reluctant to mess them up. But on the other hand, when the incentives get a little out of whack, we have to—we ought to look at it. And I think—anyway, I'll pursue it, and I'll follow up with you all.

Yes, ma'am.

[*A participant said she was a consultant to small corporations which frequently considered corporate citizenship to be a luxury item, something that businesses could afford when they got bigger. She suggested that any followup conference should emphasize that corporate citizenship was essential for any size company.*]

The President. Thank you. And I agree with you. And I would, you know, just point out we have had some companies represented on this platform today that have under 100 employees. And we have even more in the audience. And all of them have various stories to tell. So I think that it is more important, but that's one place where the Government should come in. You know, if there is a particular policy that is more difficult for a small company than a large company to implement, then maybe that's the place where we ought to have a little extra incentive on, for example, extra educational benefits or something like that.

Well, this has been an amazing day for—certainly for me. I hope you think it has been worth your time. I thank you all for coming. I thank you for your support of the idea that we do have responsibilities to one another in the workplace, and that if we fulfill them in the appropriate way, more money will be made, the free enterprise system will be stronger, more jobs will be created, and America will be a better place.

There will be, I assure you, some followup with all of you on this conference, and we'll try to determine where we go from here. But let me say I called this conference for two reasons. One is I wanted to change the perception that there were no companies in America that cared about the employees and that were sticking up for them and trying to do right by them. And the second is, I wanted to change the re-

ality, where we could, by using the good examples here to influence people in the rest of the economy. I believe today we have gone some significant way toward both of those objectives, and I think there are some other things we can do.

Again, I want to thank the executives who have agreed to serve on the board for the Ron Brown award, and we will follow up on that as well.

Thank you all for coming, and we will be back in touch. Thank you very much.

NOTE: The President spoke at approximately 2:10 p.m. in Gaston Hall at Georgetown University. In his remarks, he referred to Robert Parker, dean, Georgetown University school of business. A portion of the President's remarks could not be verified because the tape was incomplete.

Remarks on the Antipersonnel Landmines Initiative

May 16, 1996

Death of Admiral Jeremy M. Boorda

The President. Thank you very much. Please sit down. I want to thank the members of the veterans organizations who are here. General Jones, thank you for your presence. All the members of the administration and, especially, I'd like to thank Secretary Perry and the Joint Chiefs who are here, not only for their presence and their help on this policy but for their determination to go forward with this announcement on this very difficult afternoon for all of us.

I want to begin with a word about Admiral Mike Boorda, our Chief of Naval Operations, who died this afternoon. His death is a great loss, not just for the Navy and our Armed Forces but for our entire country. Mike Boorda was the very first enlisted man in the history of our country to rise to become Chief of Naval Operations. He brought extraordinary energy and dedication and good humor to every post he held in a long and distinguished career. From Southeast Asia to Europe, he devoted his life to serving our Nation.

I am personally grateful for the central role he played in planning our mission in Bosnia, both when he commanded our forces in southeastern Europe and later when he came here

to Washington. He was known for his professionalism and skill. But what distinguished him above all else was his unwavering concern for the welfare of the men and women who serve the United States in our Navy. We will all remember him for that, and much else.

Our hearts and prayers go out to his family, to his wife, Bettie, and his children, David, Edward, Anna, and Robert. And I'd like to ask everyone to just join me now in a moment of silence in memory of Admiral Mike Boorda.

[*At this point, a moment of silence was observed.*]

The President. Amen.

Antipersonnel Landmines

Today I am launching an international effort to ban antipersonnel landmines. For decades the world has been struck with horror at the devastations that landmines cause. Boys and girls at play, farmers tending their fields, ordinary travelers—in all, more than 25,000 people a year are maimed or killed by mines left behind when wars ended. We must act so that the children of the world can walk without fear on the earth beneath them.